

Message Text

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R 290711Z MAR 77

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 82

INFO AMCONSUL BRISBANE

AMCONSUL MELBOURNE

AMCONSUL PERTH

AMCONSUL SYDNEY

UNCLAS SECTION 1 OF 2 CANBERRA 2141

DEPARTMENT PASS COMMERCE/OIM FOR SILLOWAY

SYDNEY PASS TRADE CENTER

E.O. 11652: N/A

TAGS: BEXP, XG, XB, XA

SUBJ: COUNTRY COMMERCIAL PROGRAMS - PRELIMINARY FY1979 INPUTS

REF: (A) STATE 44899

1. EMBASSY PROPOSES FOR AUSTRALIAN CCP FIVE CAMPAIGNS, TWO ALTERNATES, AND TWO SPECIAL POST EFFORTS.

2. A. CAMPAIGN 1; B. PRIORITY 1; C. COMPUTERS AND RELATED EQUIPMENT;

D. THE MICRO COMPUTER SHOULD BE IN WIDE USE WITH NUMEROUS APPLICATIONS AS INDUSTRIAL PROCESS CONTROLS AND AS THE KEY ELEMENT IN SMALL COMPUTER SYSTEMS FOR BUSINESS. WHILE THE MOST PROMINENT USERS FOR THE MICROPROCESSOR ARE IN CONTINUAL PROCESS INDUSTRIES SUCH AS STEEL, REFINING OF CHEMICALS AND MINERALS, FOOD PROCESSING AND OTHER FLUID CONTROL SITUATIONS THE DECREASING PRICES AND INNOVATIONS IN APPLICATIONS SHOULD INCREASE THE NUMBER OF END USER INDUSTRIES PRIOR TO
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FY1979. SIMILARLY, IN THE SMALL OFFICE COMPUTER SYSTEM MARKET, INCREASING LABOR COSTS AND DECREASING EQUIPMENT COSTS SHOULD PROVIDE A RECEPTIVE MARKET FOR THESE SYSTEMS. SINCE IN BOTH THE INDUSTRIAL AND OFFICE SECTORS THE ATTEMPT SHOULD BE MADE TO REACH THE INTER-MEDIATE-SIZE FIRM AND TO UPDATE EXISTING SYSTEMS IN THE LARGER FIRMS, EMPHASIS SHOULD BE PLACED ON NEW APPLICATIONS.

WHILE TRADE SHOWS ARE EFFECTIVE, THE USE OF THE VTR, WHICH CAN BE INEXPENSIVELY REPEATED TO A NUMBER OF AUDIENCES, SHOULD BE STRONGLY CONSIDERED.

3A. CAMPAIGN 2; B. PRIORITY 2; C. MATELWORKING AND FINISHING EQUIPMENT;

D. MARKET PROJECTIONS FOR MACHINE TOOLS ARE A\$195 MILLION IN 1978, WITH FURTHER GROWTH IN THE FUTURE. THE LOCAL INDUSTRY IS SMALL, 75 PERCENT OF THE MARKET IS SUPPLIED BY IMPORTS. PRINCIPAL COMPETITION COMES FROM JAPAN, AND TRADITIONAL SUPPLIERS IN THE U.K. HAVE A SUBSTANTIAL MARKET SHARE. THE U.S. MACHINE TOOL IS HIGHLY PROMOTABLE BECAUSE OF OUR REPUTATION FOR ADVANCED TECHNOLOGY BUT HAS SOME DIFFICULTY IN BEING PRICE COMPETITIVE WITH JAPANESE TOOLS SOLD THROUGH TRADING COMPANIES.

EXPERIENCE HAS SHOWN THE VTR FORMAT AN EXCELLENT DEVICE FOR PROMOTION OF MACHINE TOOLS. STRONG EFFORT SHOULD BE MADE TO BRING NMTBA TRADE MISSION TO AUSTRALIA WITH NEW VIDEOTAPE-CATALOG SHOW TO COINCIDE WITH 1979 AUSTRALIAN INTERNATIONAL ENGINEERING AND ELECTRONICS EXHIBITION.

4. A. CAMPAIGN 3; B. PRIORITY 3; C. CONSUMER GOODS-IN STORE;

D. U.S. EXPORTS OF CONSUMER GOODS TO AUSTRALIA HAVE GROWN SIGNIFICANTLY IN THE PAST FEW YEARS, AIDED BY WELL STAGED IN-STORE PROMOTIONS. THE AUSTRALIAN PUBLIC HAS SHOWN A PREFERENCE FOR MANY CATEGORIES OF UNCLASSIFIED

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U.S. CONSUMER GOODS, BUT IF OUR SHARE OF THE MARKET IS TO CONTINUE TO GROW, PLANNED PROMOTION IS NEEDED.

THROUGH FY78 WE WILL HAVE HAD SEVERAL CONSECUTIVE YEARS WITH A SUCCESSFUL IN-STORE PROMOTION IN ONE OR ANOTHER OF CAPITAL CITIES. FOR FY 79 TIME APPEARS RIGHT TO CLIMAX THIS WITH NATIONWIDE CAMPAIGN INVOLVING NATION-WIDE CHAIN FOR IN-STORE PROMOTIONS IN SEVERAL CAPITAL CITIES. MYER DEPARTMENT STORE APPEARS A PROMISING POSSIBILITY. MULTI-CITY IN-STORE PROMOTIONS WOULD REQUIRE A GREAT DEAL OF RESOURCES AND COORDINATION, BUT IMPACT WOULD BE TREMENDOUS.

5. A. CAMPGIAN 4; B. PRIORITY 4; C. VISIT USA;

D. THE AUSTRALIAN IS AN AVID TRAVELLER, AND THE COUNTRY PROVIDES VISITORS TO THE U.S. FAR IN EXCESS OF WHAT ONE WOULD EXPECT FROM A 13 1/2 MILLION POPULATION. INCOME TO U.S. FROM AUSTRALIAN TRAVELEERS CURRENTLY EXCEEDS DOLS 100 MILLION ANNUALLY. TRAVEL IS A HIGHLY COMPETITIVE

MARKET, AND ONE HIGHLY AMENABLE TO PROMOTION. CONCERTED ATTENTION TO THIS MARKET THROUGH CONTINUING VISIT USA CAMPAIGNS HAS DEVELOPED REGULAR CHANNELS OF INFORMATION TO TRAVEL INDUSTRY. EXTRAORDINARY HUNGER OF TRAVEL INDUSTRY FOR SUCH UP-TO-DATE, RELEVANT TRAVEL INFORMATION ON U.S. IS SEEN FROM UNPRECEDENTED RESPONSE TO RECENT PROMOTIONS IN SYDNEY AND MELBOURNE. CONTINUED ATTENTION TO THIS LUCRATIVE AREA THROUGH A VIGOROUS PROGRAM OF PROMOTION SUPPORTED BY VISIT USA COMMITTEE SHOULD YIELD SUBSTANTIAL RETURNS.

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6. A. CAPGAIN 5; B. PRIORITY 5; C. POLLUTION CONTROL EQUIPMENT.
D. POLLUTION CONTROL IS A POTENTIAL GROWTH AREA WAITING FOR THE ECONOMY AND PUBLIC AWARENESS TO CATCH UP TO IT. BY FY 79 IT SEEMS LIKELY THAT ECONOMY WILL HAVE IMPROVED AND THAT STRENGTHENED INTEREST IN MINING AND SMELTING ACTIVITIES WILL HAVE GIVEN ADDITIONAL URGENCY TO A GROWING PUBLIC AWARENESS OF NEED FOR ACTION. ALTHOUGH A PORTION OF POLLUTION CONTROL AREA HAS BEEN FOLDED INTO THE FY 78 CAMPAIGN ON PROCESS CONTROL INSTRUMENTATION, POLLUTION CONTROL WILL HAVE ESSENTIALLY BEEN UNPROMOTED IN AUSTRALIA. FY 79 SEEMS LIKELY TO BE THE TIME TO MOVE.

7. A. ALTERNATE CAMPAIGN 1; B. PRIORITY 8; C. BUILDING
AND CONSTRUCTION EQUIPMENT;
D. ANTICIPATION OF RENEWED MINING/PETROLEUM/GAS BOOMS
IS HIGH IN AUSTRALIA AND IS RESPONSIBLE FOR SUSTAINED
CUSTOMER INTEREST IN BUILDING AND CONSTRUCTION EQUIPMENT
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WELL BEFORE STAGE OF ACTUAL PROJECT GO-AHEADS. SPREAD-
OUT NATURE OF MINING INDUSTRY WITH VARIOUS KEY FACILITIES
IN EACH STATE, MAKES CONSTRUCTION FIELD EMINENTLY SUITABLE
FOR COORDINATED PROMOTION EFFORT BY ALL FOUR CONSULATES.
THERE ARE SIGNS OF CONSIDERABLE UPTURN IN CONSTRUCTION
IN BOTH WESTERN AUSTRALIA AND QUEENSLAND, AND BY FY 79
THIS SHOULD BE COMMON TO OTHER REGIONS.

8. A. ALTERNATE CAMPAIGN 2; B. PRIORITY 9; C. FOOD
PROCESSING; D. ALTHOUGH FY79 WOULD BE THIRD YEAR RUNNING FOR THIS
CAMPAIGN, THE LONG-TERM SIGNIFICANCE AS A
FOOD SUPPLIER, AND IMPETUS TO GROWTH OF AUSTRALIAN
FISHING INDUSTRY WHICH 200 MILE FISHING ZONE SHOULD
PROVIDE, SUGGEST CONTINUATION OF THIS CAMPAIGN.

9. A. SPECIAL ACTIVITY 1; B. PRIORITY 6; C.
AGRICULTURAL MACHINERY AND EQUIPMENT;
D. AUSTRALIAN MARKET FOR AGRICULTURAL EQUIPMENT AND
MACHINERY REACHED \$450 MILLION IN FY 1976, 42 PERCENT
OF WHICH WAS IMPORTED. U.S. HAS INCREASED ITS SHARE
OF IMPORT MARKET TO 50 PERCENT. HOWEVER, WHILE TRACTORS
AND OTHER LARGE, EXPENSIVE U.S. FARM MACHINERY IS KNOWN
TO AUSTRALIANS, FULL RANGE OF U.S. EQUIPMENT IS NOT WELL
KNOWN, AND PROMOTION IS DESIRABLE TO TAKE FULL ADVANTAGE
OF THIS EXPANDING MARKET.

NATURE OF MARKET PRESENTS DIFFICULTIES FOR SUCCESSFUL
U.S. GOVERNMENT PROMOTION EFFORTS, HOWEVER, AND
PREVIOUS CCP AGRICULTURAL CAMPAIGN WAS NOT OVERLY
SUCCESSFUL IN FINDING A PRODUCTIVE FORMULA. FOCUS ON
SUB-AREA OF PARTICULAR INTEREST WHICH NOT COVERED BY
MAJOR, TRADITIONAL AGRICULTURAL EQUIPMENT SUPPLIERS
MAY BE EFFECTIVE, AND WATER SUPPLY EQUIPMENT COULD BE
SUCH A SUB-AREA. IN MAKING THIS A SPECIAL ACTIVITY,
INITIAL OBJECTIVE IS TO DEVELOP PROMISING PROMOTIONAL
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IDEAS WHICH CAN BE IMPLEMENTED EITHER IN FY 79 OR IN

SUBSEQUENT FISCAL YEAR.

10. A. SPECIAL ACTIVITY 2; B. PRIORITY 7; C. MAJOR PROJECTS;

D. NATURAL-RESOURCE BASED MAJOR PROJECTS HOLD THE POTENTIAL FOR HUNDREDS OF MILLIONS OF DOLLARS OF EXPENDITURES, MUCH OF WHICH WILL GO TO IMPORTED EQUIPMENT AND MUCH OF WHICH WILL FLOW THROUGH INTO INCREASED IMPORT DEMAND IN OTHER AREAS. BECAUSE OF THE SIGNIFICANCE OF THESE PROJECTS, WHICH TYPICALLY HAVE A VERY LONG GESTATION PERIOD, MONITORING OF THEIR STATUS ON A CONTINUING BASIS IS AN IMPORTANT ELEMENT IN EXPLOITING THEIR EVENTUAL TRADE POTENTIAL. PERCIVAL

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